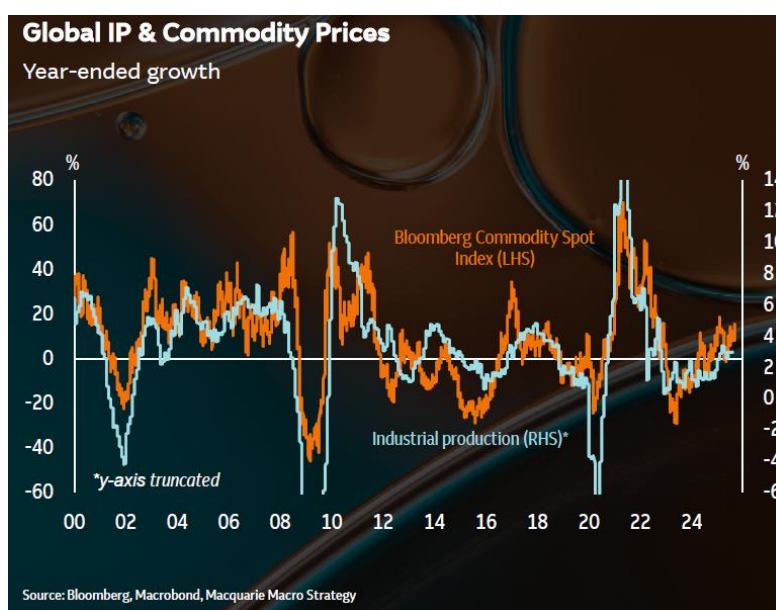


October is the historic time of the year when all the metal community gathers for the annual **London Metal Exchange Week**. My personal view was, again this year, lukewarm at the most with very little positive feedback from the consumers and the industry while funds and precious metal guys had quite large smiles.

Attending the Macquarie Conference, further doubts arose on a potential bright short or medium-term improving scenario. Little did we know that the US/China trade war, interest rate cuts and even more speculation would fuel base metals to copper's all time high at the end of the month.

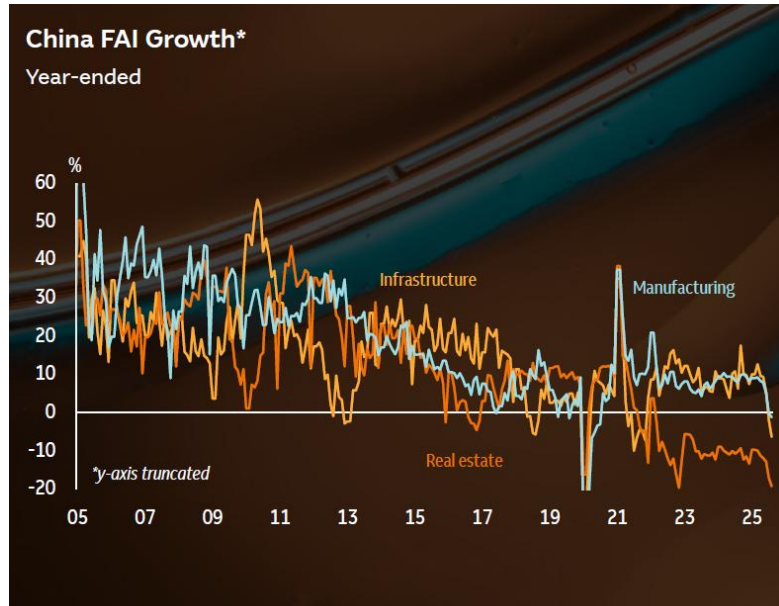
The leitmotiv for these past months has been low demand globally and uncertainty of global trades; hard to understand how under these circumstances led the LME index to rise by 20% from beginning of 2025. In the graph on the right, the differential from industrial production and the Bloomberg Commodity Index is even more exacerbated as the latter includes a significant percentage of Gold which also reached an all-time zenith at 4.380\$/oz. Industrial Production, being basically flat hardly gives us any basis to understand where this gap will lead and why it is there in the first place.



The latest Reuters' Metal Polls all follow the bullish path especially for Dr. Copper:

	2025			2026		
	MEDIAN \$ PRICES			MEDIAN \$ PRICES		
	NEW	July	Diff	NEW	July	Diff
ALUMINIUM	2.597,50	2.543,80	2,11%	2.678,80	2.600,00	3,03%
COPPER	9.752,00	9.525,00	2,38%	10.500,00	9.796,00	7,19%
LEAD	1.972,50	1.980,00	-0,38%	2.050,00	2.050,00	0,00%
NICKEL	15.318,00	15.432,30	-0,74%	15.755,00	16.050,00	-1,84%
TIN	33.333,00	32.255,00	3,34%	34.688,00	33.128,70	4,71%
ZINC	2.800,50	2.742,00	2,13%	2.838,00	2.777,70	2,17%

If you thought that China would even out the negative global industrial production performance, think again. As per this other graph, things are not looking good either in the Asian powerhouse, but the magnitude of spending capability compared to the rest of the world is the real game changer. A clear example is the recent volatility in the grain sector: **“Soybean and meal derivatives were the best-performing commodities in October, following the same price path as corn and wheat but showing significantly higher gains in the latter half of the month. At the very beginning of October, President Trump began discussing his plans to make soybeans a major topic with China’s President Xi, and prices gained even more when Treasury Secretary Scott Bessent predicted a “pretty big breakthrough” in trade talks. Then, in the blink of an eye, the soybean complex declined as Trump threatened additional (100%) tariffs on China but continued discussing plans for soybeans, including farm aid. By the third week of October, soybeans steadied below the highest level in two months, with slow deliveries being reported as farmers held out for the outcome of trade talks. When Secretary Bessent signalled that a deal with China was likely and the US threat of 100% tariffs was off the table, soybeans rallied. It was reported that Beijing had agreed to substantial purchases of soybeans from US farmers. Then at the end of October China purchased its first soybean cargoes in months and prices jumped. Bessent reported that China had agreed to buy 12m metric tons (441 million bushels) of soybeans in 2025. Total US production is roughly 4.3 billion bushels per year. Before the trade war, half of US exports went to China. In 2024, the US exported 985 million bushels. In 2025, exports to China dropped to 218 million barrels (January to August). In June, July and August, they were effectively zero.”** (Societe Generale)



The leverage is not just based on the size of such deals; China can wait, US farmers cannot. There is an even bigger phenomenon happening, a silent financial revolution is already in place. **Renminbi Digital** is now effective in ten ASEAN and six Middle East countries connecting Beijing directly with its strategic commercial partners and enabling payments avoiding the US Dollar dominated SWIFT system. It is not just a Belt and Road Initiative driven effect; Malaysia and Singapore have increased their Yuan reserves and Thailand has done its first crude oil purchase in Chinese digital currency. The de-dollarization is not just happening in BRICS countries; it is a **reality that will re-shape global economic powers.**

Here is how base metals performed in October:

	HIGH	LOW
COPPER	\$11.200 on 29 TH	\$10.236 on 1 ST
ZINC	\$3.094,5 on 29 TH	\$2.911,5 on 14 TH
NICKEL	\$15.620 on 09 TH	\$15.080 on 17 TH
TIN	\$37.695 on 03 RD	\$34.450 on 17 TH

Despite the poor economic figures, **Copper** climbed all previous highs to a **new historic 11.200\$/ton record** on mine supply fears (Grasberg incident in September) and China/US trade deal optimism. After the “BEAR EXODUS” described in our last commentary **“funds have boosted long positions from an August low of 55,325 contracts to 87,152 contracts. Short positions have been simultaneously cut, resulting in a sharp shift, equivalent to over a million metric tons, in investor positioning to the long side. If fund money is returning to the London market, it is almost certainly also doing so on the CME contract but it's hard to say since the weekly Commitments of Traders Report has been suspended due to the government shutdown. The last available positioning picture, dating from the end of September, showed funds tentatively re-entering the market on the long side after the implosion of the U.S. premium in July, when the Trump administration deferred a decision on refined copper tariffs until next year. Open interest on the CME contract has since surged to four-month highs in tandem with a recovering price, suggesting more investors have returned to the fray.”** (Reuters)

Too bad for the industry as appetite seems to be there just on paper contracts; despite this, **“Aurubis AG, Europe’s largest copper producer, plans to raise the premium it charges to deliver metal to regional customers by nearly 40% next year, according to a person familiar with the matter. It’s proposing a record surcharge of \$315 a ton for supply to European clients, up from the \$228-a-ton level it set for 2025 supplies. The premiums proposed by Aurubis are paid by consumers on top of London Metal Exchange copper prices, and are typically an indicator of market demand. Aurubis set a record premium of \$228 a ton in 2023, and held it steady in 2024 and 2025. A spokesperson for Aurubis declined to comment on the premium, but said the company expects supply limitations in Europe to continue in 2026. The company also envisages ongoing dollar weakness - which boosts buying power for European manufacturers — and “high demand for copper in line with healthy megatrends,” he said in an emailed statement.”** (Bloomberg)

Zinc confirmed its recent positive trend after a long strike of weak performances in 2025, steadying towards a 4% yearly increase.

“This is being driven by regional parameters, with a scarcity of units in Europe, steady demand in Asia-Ex-China and a high premium for units in the US (ahead of potential US tariffs), drawing zinc from Asian LME warehouses.”

Indeed, the construction sector is not expected to recover in Europe until next year similarly to the US where the tariff uncertainty still limits potential uptrend. China, on the other hand, sees an increase in demand around 2.5% in 2025 while diminishing next year but these bearish factors are outclassed by lack of material. Although mining projects will ramp up production and increase supply over the next years, available stocks are at their lowest since months. The backwardation started in September has consolidated and reached an impressive Cash to 3 Months of almost 340\$/ton with widening negative differential until December 2026.

*“Unlike in 2024, when we saw whipsaw movements in material being cancelled and then re-warranted in LME warehouses (Singapore), in which trading houses and warehouses would engage in rent-share deals. This time around, **material which has been cancelled appears not to be coming back.** For example, on a YTD basis, Singapore on-warrant stocks are down 140,175t, versus a net import of 26,875t during the same period in 2024. **Zinc’s dramatic reversal in 2025 has not only lifted prices but redefined how metal moves through global markets.** The sharp drawdown of LME stocks in Asia has created ripple effects across trade corridors, revealing structural fragilities that few anticipated. The pattern of material leaving Singapore warehouses signals a **fundamental reshaping of regional supply chains driven by both market forces and policy intervention.**”* (Stonex)

Nickel is suffering from the same old oversupply illness which has sickened the market for many months and seems very distant from finding a cure. LME inventories have increased again in October by 9% to a new **2025 record high over 250.000 tons, adding the 36.000 tons coming from Shanghai locations, this represents a multi-year record.** It is through that the LME has listed new brands along with new locations in Hong Kong and Saudia Arabia fuelling inflow, but the main driver is lack of demand.

The short-medium term to tackle the problem recently came from the far east where ***“Indonesia has stopped approving applications for nickel plants that make certain intermediate products, a renewed push by the world’s biggest producer of the metal to move further up the value chain.***

Indonesia, which produces around 60% of the world’s nickel, banned exports of raw nickel ore in 2020 in an attempt to spur investment in processing. The latest move is another shock to the fast-growing industry and will force new entrants to invest in extra capacity downstream — which in turn could lead to project delays and cancellations. “The regulation underscores the government’s intent to address Indonesia’s persistent oversupply,” Citigroup Inc. analysts including Ryan Davis wrote in a note on Thursday. “Implementation details remain fluid, notably on how strictly the regulation will be applied.”

The directive was originally published in a government regulation in June but has only recently generated discussion in the market.” (Bloomberg)

Tin shares quite a few features with Nickel although from a privileged position.

*“Despite the recent price surge driven by concerns over Indonesia’s tin industry, the long-term outlook for tin prices remains bearish. **Global economic slowdown and persistent weakness in China’s property sector have significantly dampened tin demand, particularly in electronics, construction, and manufacturing.***

Declining investment in China’s real estate has reduced demand for building-related electronics such as air conditioners, elevators, and lighting systems. The property slump has also affected sales of home appliances and consumer electronics, indirectly curbing demand for tin solder.

Under the pressure of U.S. tariffs, China’s industrial output and manufacturing activity have weakened, further suppressing tin consumption. Fixed asset investment has nearly stalled, with private-sector manufacturing investment shrinking, impacting tin usage in industrial equipment. Additionally, the global economic slowdown has hurt export-driven tin consumption. Demand for electronics—especially smartphones, computers, and automotive electronics—has softened in developed markets, affecting exports of tin solder and compounds. While the energy transition does offer a growth avenue for tin demand, its role is relatively limited compared to metals like copper, aluminium, and nickel. Tin’s application in batteries and renewable energy technologies accounts for only a small portion of total demand and cannot fully offset declines in other sectors. As analysed above, the Indonesian government’s crackdown on illegal tin mining faces significant challenges, but its goal is not to reduce output—it aims to legalise and green the sector. As more illegal operations are formalised and brought under state oversight, the current supply-side support for tin prices is likely to fade. (ICBC Standard Bank)

The Indonesian government's announcement of a restriction on illegal tin mines came as a supportive move and indeed triggered a rally in tin prices which came close to the yearly record above 38.000\$ registered in April.